

COUNTY OF IRON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE L - RETIREMENT PLANS (continued)

GASB 25 INFORMATION (as of 12/31/04)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 1,500,030
Terminated employees not yet receiving benefits	440,462
Non-vested terminated employees	10,552
Current Employees:	
Accumulated employee contributions including allocated investment income	210,843
Employer financed	<u>3,424,258</u>
 Total actuarial accrued liability	 5,586,145
 Net assets available for benefits, at actuarial value (market value is \$4,710,494)	 <u>4,825,736</u>
 Unfunded (overfunded) actuarial accrued liability	 <u><u>\$ 760,409</u></u>

GASB 27 INFORMATION (as of 12/31/04)

Fiscal year beginning	January 1, 2006
Annual required contribution (ARC)	\$ 193,032
Amortization factor used	0.053632

Contributions Required and Contributions Made – MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2004 were determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
2002	\$ 120,052	100%	-
2003	97,915	100%	-
2004	163,769	100%	-

The Health Department was required to contribute \$149,839 for the year ended December 31, 2005. Payments are based on contribution calculations made by MERS.

COUNTY OF IRON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE L - RETIREMENT PLANS (continued)

The Health Department is required to contribute at an actuarially determined rate, which are a percentage of covered payrolls:

Valuation Division	Contribution Percentage		
	2006*	2005*	2004*
MNA Employees	12.15%	12.72%	8.14%
AFSCME	10.65%	7.10%	6.46%
Non Union	11.71%	11.73%	11.78%
Med Director	\$221 #	14.96%	10.76%

* Represents the actuarial required contribution for the fiscal year ended.

Beginning in 2006, a monthly dollar contribution is shown for divisions that are closed to new hires.

Aggregated Accrued Liabilities – Comparative Schedule

Valuation Date December 31,	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2002	\$ 4,169,906	\$ 4,588,668	\$ 418,762	91%	\$ 1,719,738	24%
2003	4,496,909	5,136,641	639,732	88%	1,644,573	39%
2004	4,825,736	5,586,145	760,409	86%	1,651,442	46%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Medical Care Facility – Component Unit

The Medical Care Facility participates with the County in the Michigan Municipal Employees' Retirement System (MERS). MERS is an agent multiple-employer defined benefit pension plan that covers all employees of the County. The System provides retirement, disability, and death benefits to plan members and their beneficiaries.

The obligation to contribute to, and maintain, the System for these employees was established by negotiations with the County's competitive bargaining units and requires a contribution from the employee ranging from 1.77% to 4.81% of eligible gross earnings as defined by the System. The Facility's contribution requirement is actuarially determined and is equal to the normal cost plus the level annual percentage of payroll payment required amortizing the unfunded actuarial accrued liability over 10 years. Facility contributions for the plan years ended December 31, 2005, 2004, and 2003 were \$503,565, \$457,425, and \$451,426, respectively.

COUNTY OF IRON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE M - CONTINGENT LIABILITIES

The County participates in a number of Federal and State assisted grant programs, principal of which are the Friend of Court and Prosecuting Attorney Cooperative Reimbursement programs, which are subject to financial and compliance audits. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts if any, to be immaterial.

NOTE N - RISK MANAGEMENT

The County of Iron participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$100,000 per person and \$250,000 per occurrence. The limits on vehicle physical damage are \$1,500,000. The retention limits for property coverage are subject to a \$250 deductible. Some members have individual retention levels different than the ones previously stated.

The member must satisfy all deductibles before any payments are made from the member's self-insured retention or by MMRMA.

All costs including damages and allocated loss adjustment expenses are on an occurrence basis and must be paid first from the member's self-insured retention. The member's self-insured retention and deductibles must be satisfied fully before MMRMA will be responsible for any payments. The most MMRMA will pay is the difference between the member's self-insured retention and the Limits of Coverage.

Iron County agrees to maintain, at all times, on account with MMRMA, sufficient funds to pay its self-insured retention obligations. The member agrees to abide by all MMRMA rules, regulations, and administrative procedures pertaining to the member's self-insured retention.

At December 31, 2005, the County had no outstanding claims, which exceeded the plan's limits and there has been no significant reduction in insurance coverage from the prior year.

COUNTY OF IRON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE S – POST-RETIREMENT BENEFITS

Iron County Road Commission

Iron County Road Commission provides post-employment health care benefits and life insurance benefits, in accordance with the provisions of Article 49, Section 3, and Article 50, Section 2 of the union agreement for all retirees who were hired by the Road Commission, and retired under MERS. The post-employment health care benefits provides that the Road Commission will continue to pay the monthly hospitalization insurance plan premium for the retiree only, without the specific drug and dental program, provided the retiree makes application for the Medicare card, prior to the effective date of Medicare coverage. The post-employment life insurance benefit provides that the Road Commission will pay for \$8,000 of term life insurance coverage for each retiree. Currently, 26 retirees are eligible for these post-employment benefits. The Road Commission's policy is to finance these benefits on a pay-as-you-go basis. During the year 2005, expenditures of \$134,386 were recognized for post-employment health care benefits, and \$11,547 for life insurance benefits.

Medical Care Facility

The Medical Care Facility provides post-retirement health care benefits to all employees who retire from the Facility on or after attaining age 62 with at least 10 years of service. The Facility pays health insurance premiums for the retiree until they reach age 65. Employees of Crystal Manor who retired prior to July 1, 2002 have their health insurance paid until death. Currently, 11 retirees meet these eligibility requirements. Expenses for post-retirement health care benefits are recognized monthly as premiums are paid. Approximately \$60,000 of costs pertaining to post-retirement benefits were included in the Facility's health insurance expense for the year ended December 31, 2005.

COUNTY OF IRON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
REVENUES:				
Taxes	\$ 2,521,781	\$ 2,519,990	\$ 2,543,777	\$ 23,787
License and permits	5,150	7,269	7,340	71
Federal sources	263,902	321,472	297,367	(24,105)
State sources	647,534	595,842	579,034	(16,808)
Charges for services	448,557	516,312	485,846	(30,466)
Interest and rentals	12,000	42,289	50,243	7,954
Other	97,355	250,760	254,901	4,141
Total revenues	3,996,279	4,253,934	4,218,508	(35,426)
EXPENDITURES:				
Legislative:				
Board of commissioners	74,900	79,644	79,644	-
Judicial system:				
Trial court	482,890	559,491	525,434	34,057
Friend of court	98,144	100,273	93,871	6,402
Jury commission	550	550	191	359
General government:				
Elections	9,340	9,340	5,275	4,065
Commissioner's assistant	97,446	99,640	97,735	1,905
Prosecuting attorney	161,656	171,853	162,083	9,770
Assistant prosecutor	112,631	113,876	102,080	11,796
Clerk	100,062	102,325	99,965	2,360
Equalization	110,773	112,535	111,821	714
Register of deeds	81,037	82,532	79,658	2,874
Insurance and bonds	640,454	630,256	608,906	21,350
General county	425,300	444,037	426,117	17,920
Microfilm project	22,462	24,154	25,061	(907)
Treasurer	121,716	131,846	131,583	263
Courthouse and grounds	107,675	118,515	119,446	(931)
Remonumentation	88,108	170,245	170,155	90
Drain commissioner	7,123	7,199	5,302	1,897
Public safety:				
Sheriff's administration	300,965	324,547	343,702	(19,155)
Road patrol	52,000	40,448	38,401	2,047
Marine patrol	6,656	6,782	2,965	3,817
Snowmobile	13,464	13,464	8,016	5,448
ORV	1,940	1,945	1,945	-
Jail	628,360	637,824	625,317	12,507
Mine inspector	8,180	8,391	5,707	2,684
State homeland security	-	55,131	55,131	-
Animal control	28,617	28,503	28,552	(49)
Cultural and recreation:				
Cooperative extension services	37,931	38,506	36,333	2,173
Health and welfare:				
Medical examiner	15,000	15,000	10,510	4,490
Economic development	-	1,624	840	784
Other:				
Appropriations	66,113	66,113	62,853	3,260
Other	3,000	3,000	3,000	-
Total expenditures	3,904,493	4,199,589	4,067,599	131,990
Excess revenues (expenditures)	91,786	54,345	150,909	96,564
OTHER FINANCING SOURCES (USES):				
Transfer in	3,000	271,043	268,177	(2,866)
Transfer out	(266,343)	(450,577)	(430,233)	20,344
Total other financing sources (uses)	(263,343)	(179,534)	(162,056)	17,478
Net changes in fund balances	(171,557)	(125,189)	(11,147)	114,042
Fund balances - beginning	709,822	709,822	709,822	-
Fund balances - ending	\$ 538,265	\$ 584,633	\$ 698,675	\$ 114,042

COUNTY OF IRON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAINTENANCE OF EFFORT - MEDICARE
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 511,444	\$ 511,444	\$ 500,260	\$ (11,184)
Interest and rentals	12,000	12,000	20,155	8,155
Total revenues	523,444	523,444	520,415	(3,029)
EXPENDITURES:				
Health and welfare	360,000	372,139	329,298	42,841
Excess revenues (expenditures)	163,444	151,305	191,117	39,812
OTHER FINANCING SOURCES (USES):				
Transfer out	(250,000)	(400,000)	(366,145)	33,855
Net changes in fund balances	(86,556)	(248,695)	(175,028)	73,667
Fund balances - beginning	761,577	761,577	761,577	-
Fund balances - ending	<u>\$ 675,021</u>	<u>\$ 512,882</u>	<u>\$ 586,549</u>	<u>\$ 73,667</u>

COUNTY OF IRON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REVENUE SHARING RESERVE FUND
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 730,543	\$ 730,543
Interest and rentals	-	-	3,894	3,894
Total revenues	-	-	734,437	734,437
EXPENDITURES:				
Other	-	-	-	-
Excess revenues (expenditures)	-	-	734,437	734,437
OTHER FINANCING SOURCES (USES):				
Transfer out	-	(223,904)	(223,904)	-
Net changes in fund balances	-	(223,904)	510,533	734,437
Fund balances - beginning	589,137	589,137	589,137	589,137
Fund balances - ending	<u>\$ 589,137</u>	<u>\$ 365,233</u>	<u>\$ 1,099,670</u>	<u>\$ 1,323,574</u>

COUNTY OF IRON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
2002 MEDICAL CARE FACILITY BOND DEBT RETIREMENT
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 695,019	\$ 695,019	\$ 710,850	\$ 15,831
Other	3,500	3,500	5,377	1,877
Total revenues	698,519	698,519	716,227	17,708
EXPENDITURES:				
Debt service:				
Principal	355,000	355,000	355,000	-
Interest	352,529	352,529	352,529	-
Other	735	735	268	467
Total expenditures	708,264	708,264	707,797	467
Excess revenues (expenditures)	(9,745)	(9,745)	8,430	18,175
Fund balances - beginning	61,804	61,804	61,804	61,804
Fund balances - ending	\$ 61,804	\$ 52,059	\$ 70,234	\$ 79,979

COUNTY OF IRON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
2002 MEDICAL CARE FACILITY CONSTRUCTION FUND
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis) (See Note A)</u>	<u>Variance with Final Budget- Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 7,208</u>	<u>\$ 5,208</u>
EXPENDITURES:				
Capital outlay	<u>1,867,500</u>	<u>1,867,500</u>	<u>1,852,222</u>	<u>15,278</u>
Excess revenues (expenditures)	<u>(1,865,500)</u>	<u>(1,865,500)</u>	<u>(1,845,014)</u>	<u>(10,070)</u>
Fund balances - beginning	<u>2,007,081</u>	<u>2,007,081</u>	<u>2,007,081</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 141,581</u></u>	<u><u>\$ 141,581</u></u>	<u><u>\$ 162,067</u></u>	<u><u>\$ 20,486</u></u>

See accompanying notes to financial statement

COUNTY OF IRON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	Special Revenue Funds			
	Family Counseling	County Parks	Friend of Court Incentive	Probation Surcharge
ASSETS				
Cash and equivalents:				
Unrestricted	\$ 10,690	\$ 65,534	\$ 2,690	\$ 3,692
Receivables:				
State of Michigan	-	-	-	-
Accounts	-	-	-	-
Current property taxes	-	-	-	-
Notes	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 10,690</u>	<u>\$ 65,534</u>	<u>\$ 2,690</u>	<u>\$ 3,692</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 422	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Accrued payroll	-	1,067	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>1,489</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved:				
Undesignated	<u>10,690</u>	<u>64,045</u>	<u>2,690</u>	<u>3,692</u>
Total liabilities and fund balances	<u>\$ 10,690</u>	<u>\$ 65,534</u>	<u>\$ 2,690</u>	<u>\$ 3,692</u>

See accompanying notes to financial statements

Special Revenue Funds

Register of Deeds Automation	Budget Stabilization	Enhanced 911	Drug Forfeiture - Prosecutor	Drug Forfeiture - Sheriff	Law Library	Drug Court Grant Program
\$ 39,186	\$ 107,000	\$ 411,108	\$ 3,164	\$ 2,682	\$ 4,749	\$ (20,784)
-	-	-	-	-	-	24,115
-	-	17,530	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	23,295	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 39,186</u>	<u>\$ 107,000</u>	<u>\$ 451,933</u>	<u>\$ 3,164</u>	<u>\$ 2,682</u>	<u>\$ 4,749</u>	<u>\$ 3,331</u>
\$ -	\$ -	\$ 8,707	\$ 504	\$ -	\$ 4,701	\$ 27
-	-	-	-	-	-	-
-	-	-	-	-	-	-
90	-	7,548	-	-	-	1,265
90	-	16,255	504	-	4,701	1,292
39,096	107,000	435,678	2,660	2,682	48	2,039
<u>\$ 39,186</u>	<u>\$ 107,000</u>	<u>\$ 451,933</u>	<u>\$ 3,164</u>	<u>\$ 2,682</u>	<u>\$ 4,749</u>	<u>\$ 3,331</u>

COUNTY OF IRON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	Special Revenue Funds			
	Senior Citizens	Alcohol Assessment	Child Care	Veterans Trust
ASSETS				
Cash and equivalents:				
Unrestricted	\$ 1,630	\$ 15,600	\$ 18,983	\$ 1,071
Receivables:				
State of Michigan	-	-	-	-
Accounts	-	-	-	-
Current property taxes	94,134	-	-	-
Notes	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 95,764</u>	<u>\$ 15,600</u>	<u>\$ 18,983</u>	<u>\$ 1,071</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,130	\$ 141	\$ 2,751	\$ -
Due to other funds	-	-	-	-
Deferred revenue	94,134	-	-	-
Accrued payroll	-	-	1,093	609
Total liabilities	<u>95,264</u>	<u>141</u>	<u>3,844</u>	<u>609</u>
Fund balances:				
Unreserved:				
Undesignated	<u>500</u>	<u>15,459</u>	<u>15,139</u>	<u>462</u>
Total liabilities and fund balances	<u>\$ 95,764</u>	<u>\$ 15,600</u>	<u>\$ 18,983</u>	<u>\$ 1,071</u>

See accompanying notes to financial statements

Special Revenue Funds

Public Act 302	Plat Book	Sheriff's Department Equipment	Courthouse Repair	CDBG Grant	Youth Camp	Forest Resources
\$ 5,170	\$ 8,118	\$ 8,236	\$ 47,364	\$ 44	\$ 130,033	\$ 13,326
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	173,180	-
-	-	-	-	-	-	-
-	3,500	-	-	-	-	-
-	-	-	-	-	4,040	-
<u>\$ 5,170</u>	<u>\$ 11,618</u>	<u>\$ 8,236</u>	<u>\$ 47,364</u>	<u>\$ 44</u>	<u>\$ 307,253</u>	<u>\$ 13,326</u>
\$ -	\$ -	\$ 1,082	\$ 109	\$ -	\$ 5,081	\$ -
-	-	-	-	-	44,237	-
-	-	-	-	-	173,585	-
-	-	-	-	-	-	-
-	-	1,082	109	-	222,903	-
<u>5,170</u>	<u>11,618</u>	<u>7,154</u>	<u>47,255</u>	<u>44</u>	<u>84,350</u>	<u>13,326</u>
<u>\$ 5,170</u>	<u>\$ 11,618</u>	<u>\$ 8,236</u>	<u>\$ 47,364</u>	<u>\$ 44</u>	<u>\$ 307,253</u>	<u>\$ 13,326</u>

COUNTY OF IRON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	<u>Special Revenue Funds</u>		
	<u>Fairgrounds</u>	<u>EDC/ Revolving Loan</u>	<u>Airport</u>
ASSETS			
Cash and equivalents:			
Unrestricted	\$ 5,323	\$ 106,319	\$ 2,700
Receivables:			
State of Michigan	-	-	1,830
Accounts	-	-	-
Current property taxes	-	-	-
Notes	-	331,113	-
Due from other funds	-	40,737	-
Inventory	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,323</u>	<u>\$ 478,169</u>	<u>\$ 4,530</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 24	\$ 182
Due to other funds	-	-	-
Deferred revenue	-	371,850	-
Accrued payroll	-	274	-
	<u>-</u>	<u>372,148</u>	<u>182</u>
Total liabilities	<u>-</u>	<u>372,148</u>	<u>182</u>
Fund balances:			
Unreserved:			
Undesignated	<u>5,323</u>	<u>106,021</u>	<u>4,348</u>
Total liabilities and fund balances	<u>\$ 5,323</u>	<u>\$ 478,169</u>	<u>\$ 4,530</u>

See accompanying notes to financial statements

Debt Service Funds

<u>Refund Bond Debt Service</u>	<u>Medicare Bond Retirement</u>	<u>Jail Bond Retirement</u>	<u>2003 Courthouse Debt Retirement</u>	<u>2003 Road Commission Building Debt</u>	<u>Courthouse Bond Retirement</u>	<u>2004 MCF Bond Debt Retirement</u>
\$ 19,454	\$ 118,073	\$ 103,738	\$ 253	\$ 12,687	\$ 155,346	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
243,039	-	-	-	-	216,041	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 262,493</u>	<u>\$ 118,073</u>	<u>\$ 103,738</u>	<u>\$ 253</u>	<u>\$ 12,687</u>	<u>\$ 371,387</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
243,039	-	-	-	-	216,041	-
-	-	-	-	-	-	-
<u>243,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,041</u>	<u>-</u>
19,454	118,073	103,738	253	12,687	155,346	-
<u>\$ 262,493</u>	<u>\$ 118,073</u>	<u>\$ 103,738</u>	<u>\$ 253</u>	<u>\$ 12,687</u>	<u>\$ 371,387</u>	<u>\$ -</u>

COUNTY OF IRON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	Capital Project Funds			Total Nonmajor Governmental Funds
	Courthouse Construction	2004 Medical Care Facility Construction	MEDC Grant Construction	
ASSETS				
Cash and equivalents:				
Unrestricted	\$ -	\$ -	\$ -	\$ 1,403,179
Receivables:				
State of Michigan	-	-	30,401	56,346
Accounts	-	-	-	17,530
Current property taxes	-	-	-	726,394
Notes	-	-	-	331,113
Due from other funds	-	-	-	67,532
Inventory	-	-	-	4,040
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,401</u>	<u>\$ 2,606,134</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 30,401	\$ 55,262
Due to other funds	-	-	-	44,237
Deferred revenue	-	-	-	1,098,649
Accrued payroll	-	-	-	11,946
Total liabilities	<u>-</u>	<u>-</u>	<u>30,401</u>	<u>1,210,094</u>
Fund balances:				
Unreserved:				
Undesignated	-	-	-	1,396,040
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,401</u>	<u>\$ 2,606,134</u>

See accompanying notes to financial statements

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2005

	Special Revenue Funds			
	Family Counseling	County Parks	Friend of Court Incentive	Probation Surcharge
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-
State sources	-	-	2,460	-
Charges for services	-	109,179	-	-
Interest and rentals	-	-	-	-
Other	1,275	4,579	350	950
Total revenues	1,275	113,758	2,810	950
EXPENDITURES:				
Judicial system	-	-	-	-
Public safety	-	-	-	-
Highway and transportation	-	-	-	-
Cultural and recreation	-	106,495	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	4,014	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	445
Total expenditures	-	110,509	-	445
Excess revenues (expenditures)	1,275	3,249	2,810	505
OTHER FINANCING SOURCES (USES):				
Transfer in	-	90,000	-	-
Transfer out	-	-	(1,620)	-
Total other financing sources (uses)	-	90,000	(1,620)	-
Net changes in fund balance	1,275	93,249	1,190	505
Fund balances - beginning	9,415	(29,204)	1,500	3,187
Fund balances - ending	\$ 10,690	\$ 64,045	\$ 2,690	\$ 3,692

See accompanying notes to financial statements

Special Revenue Funds

Register of Deeds Automation	Budget Stabilization	Enhanced 911	Drug Forfeiture - Prosecutor	Drug Forfeiture - Sheriff	Law Library	Drug Court Grant Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	47,404
25,505	-	296,601	-	-	-	-
334	-	5,930	36	17	-	-
-	-	45	-	-	2,500	75
25,839	-	302,576	36	17	2,500	47,479
-	-	-	-	-	22,513	-
-	-	374,927	735	322	-	66,405
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,009	-	-	-	-	-	-
8,009	-	374,927	735	322	22,513	66,405
17,830	-	(72,351)	(699)	(305)	(20,013)	(18,926)
-	31,000	20,000	-	-	20,000	41,215
-	-	-	-	-	-	-
-	31,000	20,000	-	-	20,000	41,215
17,830	31,000	(52,351)	(699)	(305)	(13)	22,289
21,266	76,000	488,029	3,359	2,987	61	(20,250)
\$ 39,096	\$ 107,000	\$ 435,678	\$ 2,660	\$ 2,682	\$ 48	\$ 2,039

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2005

	Special Revenue Funds			
	Senior Citizens	Alcohol Assessment	Child Care	Veterans Trust
REVENUES:				
Taxes	\$ 90,746	\$ -	\$ -	\$ -
Federal sources	-	-	-	-
State sources	-	-	-	3,006
Charges for services	-	4,541	4,440	-
Interest and rentals	-	-	-	-
Other	-	2,280	14,172	-
Total revenues	90,746	6,821	18,612	3,006
EXPENDITURES:				
Judicial system	-	-	-	-
Public safety	-	-	-	-
Highway and transportation	89,890	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	1,810	110,572	56,494
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	89,890	1,810	110,572	56,494
Excess revenues (expenditures)	856	5,011	(91,960)	(53,488)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	65,000	45,231
Transfer out	-	(3,510)	-	-
Total other financing sources (uses)	-	(3,510)	65,000	45,231
Net changes in fund balance	856	1,501	(26,960)	(8,257)
Fund balances - beginning	(356)	13,958	42,099	8,719
Fund balances - ending	\$ 500	\$ 15,459	\$ 15,139	\$ 462

See accompanying notes to financial statements

Special Revenue Funds

Public Act 302	Plat Book	Sheriff's Department Equipment	Courthouse Repair	CDBG Grant	Youth Camp	Forest Resources
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,413	\$ -
-	-	-	-	34,435	995	-
2,023	-	-	-	-	-	-
-	-	-	-	-	134,718	-
-	-	64	-	-	2,255	-
28	17,330	17,212	-	-	30,407	125
2,051	17,330	17,276	-	34,435	337,788	125
-	-	-	-	-	-	-
1,277	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	332,253	81
-	-	-	-	-	-	-
-	-	-	-	34,435	-	-
-	-	16,663	18,870	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,401	-	-	-	-	-
1,277	21,401	16,663	18,870	34,435	332,253	81
774	(4,071)	613	(18,870)	-	5,535	44
-	7,000	-	65,414	-	-	-
-	-	-	-	-	-	-
-	7,000	-	65,414	-	-	-
774	2,929	613	46,544	-	5,535	44
4,396	8,689	6,541	711	44	78,815	13,282
\$ 5,170	\$ 11,618	\$ 7,154	\$ 47,255	\$ 44	\$ 84,350	\$ 13,326

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2005

	<u>Special Revenue Funds</u>		
	<u>Fairgrounds</u>	<u>EDC/ Revolving Loan</u>	<u>Airport</u>
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Federal sources	-	20,000	-
State sources	-	-	-
Charges for services	-	-	-
Interest and rentals	-	1,363	-
Other	6,124	115,016	5,226
	<u>6,124</u>	<u>115,016</u>	<u>5,226</u>
Total revenues	<u>6,124</u>	<u>136,379</u>	<u>5,226</u>
EXPENDITURES:			
Judicial system	-	-	-
Public safety	-	-	-
Highway and transportation	-	-	11,378
Cultural and recreation	7,260	-	-
Health and welfare	-	-	-
Community development	-	78,195	-
Capital outlay	-	30,000	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,260</u>	<u>108,195</u>	<u>11,378</u>
Excess revenues (expenditures)	<u>(1,136)</u>	<u>28,184</u>	<u>(6,152)</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	2,500	-	10,000
Transfer out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,500</u>	<u>-</u>	<u>10,000</u>
Net changes in fund balance	1,364	28,184	3,848
Fund balances - beginning	<u>3,959</u>	<u>77,837</u>	<u>500</u>
Fund balances - ending	<u>\$ 5,323</u>	<u>\$ 106,021</u>	<u>\$ 4,348</u>

See accompanying notes to financial statements

Debt Service Funds

Refund Bond Debt Service	Medicare Bond Retirement	Jail Bond Retirement	2003 Courthouse Debt Retirement	2003 Road Commission Building Debt	Courthouse Bond Retirement	2004 MCF Bond Debt Retirement
\$ 2,888	\$ 156,027	\$ 250,713	\$ -	\$ -	\$ 205,877	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
160	-	2,910	-	400	2,317	-
8,297	-	-	-	-	405	9,292
<u>11,345</u>	<u>156,027</u>	<u>253,623</u>	<u>-</u>	<u>400</u>	<u>208,599</u>	<u>9,292</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	45,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	90,000	125,000	7,000	-	50,000	13,000
69,251	3,293	16,600	7,764	98,635	116,011	7,799
15	-	-	-	-	-	-
<u>69,266</u>	<u>93,293</u>	<u>141,600</u>	<u>14,764</u>	<u>143,635</u>	<u>166,011</u>	<u>20,799</u>
<u>(57,921)</u>	<u>62,734</u>	<u>112,023</u>	<u>(14,764)</u>	<u>(143,235)</u>	<u>42,588</u>	<u>(11,507)</u>
77,375	-	-	15,000	143,635	-	11,507
-	-	(77,375)	-	-	-	-
<u>77,375</u>	<u>-</u>	<u>(77,375)</u>	<u>15,000</u>	<u>143,635</u>	<u>-</u>	<u>11,507</u>
19,454	62,734	34,648	236	400	42,588	-
-	55,339	69,090	17	12,287	112,758	-
<u>\$ 19,454</u>	<u>\$ 118,073</u>	<u>\$ 103,738</u>	<u>\$ 253</u>	<u>\$ 12,687</u>	<u>\$ 155,346</u>	<u>\$ -</u>

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2005

	Capital Projects Funds			Total
	2004			Nonmajor
	Courthouse	Medical Care	MEDC Grant	Governmental
	Construction	Facility	Construction	Funds
		Construction		
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 875,664
Federal sources	100,000	-	47,181	202,611
State sources	-	-	-	54,893
Charges for services	-	-	-	574,984
Interest and rentals	-	214	-	16,000
Other	1,256	-	-	236,944
Total revenues	101,256	214	47,181	1,961,096
EXPENDITURES:				
Judicial system	-	-	-	22,513
Public safety	-	-	-	443,666
Highway and transportation	-	-	-	146,268
Cultural and recreation	-	-	-	446,089
Health and welfare	-	-	-	168,876
Community development	-	-	-	112,630
Capital outlay	183,319	9,932	47,181	309,979
Debt service:				
Principal	-	-	-	285,000
Interest	-	-	-	319,353
Other	-	-	-	29,870
Total expenditures	183,319	9,932	47,181	2,284,244
Excess revenues (expenditures)	(82,063)	(9,718)	-	(323,148)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	644,877
Transfer out	(14,414)	(11,507)	-	(108,426)
Total other financing sources (uses)	(14,414)	(11,507)	-	536,451
Net changes in fund balance	(96,477)	(21,225)	-	213,303
Fund balances - beginning	96,477	21,225	-	1,182,737
Fund balances - ending	\$ -	\$ -	\$ -	\$ 1,396,040

See accompanying notes to financial statements

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
December 31, 2005

	<u>Construction Code</u>	<u>Tax Revolving Administration</u>	<u>Tax Revolving 1998</u>	<u>Tax Revolving 1999</u>
ASSETS				
Current assets:				
Cash and cash equivalents				
Unrestricted	\$ 34,590	\$ 12,187	\$ 13,252	\$ 19,291
Total current assets	<u>34,590</u>	<u>12,187</u>	<u>13,252</u>	<u>19,291</u>
Noncurrent assets:				
Receivables:				
Delinquent taxes	-	-	-	112
Accrued interest on taxes	-	-	-	-
Capital assets, net of accumulated depreciation	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>112</u>
Total assets	<u><u>\$ 49,590</u></u>	<u><u>\$ 12,187</u></u>	<u><u>\$ 13,252</u></u>	<u><u>\$ 19,403</u></u>
LIABILITIES				
Accounts payable	\$ 438	\$ -	\$ -	\$ -
Accrued payroll	<u>133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>571</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Unrestricted	<u>49,019</u>	<u>12,187</u>	<u>13,252</u>	<u>19,403</u>
Total net assets	<u>49,019</u>	<u>12,187</u>	<u>13,252</u>	<u>19,403</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 49,590</u></u>	<u><u>\$ 12,187</u></u>	<u><u>\$ 13,252</u></u>	<u><u>\$ 19,403</u></u>

See accompanying notes to financial statements

<u>Tax Revolving 2000</u>	<u>Tax Revolving 2001</u>	<u>Tax Revolving 2002</u>	<u>Tax Revolving 2003</u>	<u>Tax Revolving 2004</u>	<u>Total Nonmajor Proprietary Funds</u>
<u>\$ 15,783</u>	<u>\$ 14,993</u>	<u>\$ 13,690</u>	<u>\$ 179,139</u>	<u>\$ 392,226</u>	<u>\$ 695,151</u>
<u>15,783</u>	<u>14,993</u>	<u>13,690</u>	<u>179,139</u>	<u>392,226</u>	<u>695,151</u>
114	147	818	7,775	55,949	64,915
-	-	-	3,965	18,462	22,427
-	-	-	-	-	15,000
<u>114</u>	<u>147</u>	<u>818</u>	<u>11,740</u>	<u>74,411</u>	<u>102,342</u>
<u>\$ 15,897</u>	<u>\$ 15,140</u>	<u>\$ 14,508</u>	<u>\$ 190,879</u>	<u>\$ 466,637</u>	<u>\$ 797,493</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 438
-	-	-	-	-	133
-	-	-	-	-	571
<u>15,897</u>	<u>15,140</u>	<u>14,508</u>	<u>190,879</u>	<u>466,637</u>	<u>796,922</u>
<u>15,897</u>	<u>15,140</u>	<u>14,508</u>	<u>190,879</u>	<u>466,637</u>	<u>796,922</u>
<u>\$ 15,897</u>	<u>\$ 15,140</u>	<u>\$ 14,508</u>	<u>\$ 190,879</u>	<u>\$ 466,637</u>	<u>\$ 797,493</u>

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Construction Code	Tax Revolving Administration	Tax Revolving 1998	Tax Revolving 1999
OPERATING REVENUES:				
License and permits	\$ 80,709	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Penalties and interest on taxes	-	-	-	-
Other	2,596	-	-	-
Total operating revenue	83,305	-	-	-
OPERATING EXPENSES:				
Salaries and fringes	14,695	-	-	-
Administrative fees	-	-	-	-
Depreciation expense	3,000	-	-	-
Other	61,130	4,490	100	-
Total operating expenses	78,825	4,490	100	-
Operating income (loss)	4,480	(4,490)	(100)	-
NONOPERATING REVENUES (EXPENSES):				
Interest on investments	-	82	53	48
Transfer in	-	3,994	-	-
Transfer out	(3,000)	-	-	-
Total nonoperating revenues (expenses)	(3,000)	4,076	53	48
Change in net assets	1,480	(414)	(47)	48
Total net assets - beginning	47,539	12,601	13,299	19,355
Total net assets - ending	\$ 49,019	\$ 12,187	\$ 13,252	\$ 19,403

See accompanying notes to financial statements

Tax Revolving 2000	Tax Revolving 2001	Tax Revolving 2002	Tax Revolving 2003	Tax Revolving 2004	Total Nonmajor Proprietary Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,709
-	-	-	11,384	47,864	59,248
-	-	-	113	637	750
-	-	158	2,272	28,720	33,746
-	-	158	13,769	77,221	174,453
-	-	-	-	-	14,695
-	-	-	10,594	27,342	37,936
-	-	-	-	-	3,000
-	31	-	-	-	65,751
-	31	-	10,594	27,342	121,382
-	(31)	158	3,175	49,879	53,071
256	160	182	5,368	12,520	18,669
-	-	-	-	-	3,994
-	(210)	(10,110)	(31,786)	(730,006)	(775,112)
256	(50)	(9,928)	(26,418)	(717,486)	(752,449)
256	(81)	(9,770)	(23,243)	(667,607)	(699,378)
15,641	15,221	24,278	214,122	1,134,244	1,496,300
\$ 15,897	\$ 15,140	\$ 14,508	\$ 190,879	\$ 466,637	\$ 796,922

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Construction Code	Tax Revolving Administration	Tax Revolving 1998	Tax Revolving 1999
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 80,709	\$ -	\$ -	\$ -
Cash received for collection of taxes	-	-	-	-
Other operating cash receipts	2,596	-	-	-
Payments for wages and related benefits	(14,859)	-	-	-
Other operating cash payments	(61,924)	(4,490)	(100)	-
	<u>6,522</u>	<u>(4,490)</u>	<u>(100)</u>	<u>-</u>
Net cash provided (used) by operating activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	3,994	-	-
Transfer out	(3,000)	-	-	-
	<u>(3,000)</u>	<u>3,994</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities				
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(18,000)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	-	82	53	48
	<u>(14,478)</u>	<u>(414)</u>	<u>(47)</u>	<u>48</u>
Net increase (decrease) in cash and equivalents				
Cash and equivalents, beginning of year	49,068	12,601	13,299	19,243
Cash and equivalents, end of year	<u>\$ 34,590</u>	<u>\$ 12,187</u>	<u>\$ 13,252</u>	<u>\$ 19,291</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 4,480	\$ (4,490)	\$ (100)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,000	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	-	-	-	-
Increase (decrease) in accounts payable	(794)	-	-	-
Increase (decrease) in other liabilities	(164)	-	-	-
	<u>2,042</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total adjustments				
Net cash provided by operating activities	<u>\$ 6,522</u>	<u>\$ (4,490)</u>	<u>\$ (100)</u>	<u>\$ -</u>

See accompanying notes to financial statements

Tax Revolving 2000	Tax Revolving 2001	Tax Revolving 2002	Tax Revolving 2003	Tax Revolving 2004	Total Nonmajor Proprietary Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,709
-	-	-	46,859	389,691	436,550
-	-	158	2,272	28,720	33,746
-	-	-	-	-	(14,859)
-	(31)	-	(10,594)	(27,342)	(104,481)
-	(31)	158	38,537	391,069	431,665
-	-	-	-	-	3,994
-	(210)	(10,110)	(31,786)	(730,006)	(775,112)
-	(210)	(10,110)	(31,786)	(730,006)	(771,118)
-	-	-	-	-	(18,000)
256	160	182	5,368	12,520	18,669
256	(81)	(9,770)	12,119	(326,417)	(338,784)
15,527	15,074	23,460	167,020	718,643	1,033,935
\$ 15,783	\$ 14,993	\$ 13,690	\$ 179,139	\$ 392,226	695,151
\$ -	\$ (31)	\$ 158	\$ 3,175	\$ 49,879	\$ 53,071
-	-	-	-	-	3,000
-	-	-	35,362	341,190	376,552
-	-	-	-	-	(794)
-	-	-	-	-	(164)
-	-	-	35,362	341,190	378,594
\$ -	\$ (31)	\$ 158	\$ 38,537	\$ 391,069	\$ 431,665

COUNTY OF IRON, MICHIGAN
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2005

	General Trust and Agency	Flex Spending	Friend of the Court Trust	District Court Bonds
ASSETS				
Cash and cash equivalents:				
Unrestricted	\$ 937,920	\$ 1,918	\$ 1	\$ 35,147
Receivables:				
Accounts	785	-	-	-
Due from other governmental units	10,062	-	-	-
Due from other funds	-	29,079	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 948,767</u>	<u>\$ 30,997</u>	<u>\$ 1</u>	<u>\$ 35,147</u>
LIABILITIES				
Due to other funds	\$ 23,085	\$ -	\$ -	\$ -
Undistributed taxes	610,184	-	-	-
Other liabilities	315,498	30,997	1	35,147
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 948,767</u>	<u>\$ 30,997</u>	<u>\$ 1</u>	<u>\$ 35,147</u>

See accompanying notes to financial statements

Library Fund	Inmate Trust	Totals
\$ 30,336	\$ 4,671	\$ 1,009,993
-	-	785
-	-	10,062
-	-	29,079
<u>\$ 30,336</u>	<u>\$ 4,671</u>	<u>\$ 1,049,919</u>
\$ -	\$ -	\$ 23,085
-	-	610,184
<u>30,336</u>	<u>4,671</u>	<u>416,650</u>
<u>\$ 30,336</u>	<u>\$ 4,671</u>	<u>\$ 1,049,919</u>



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
Alan M. Stotz, CPA, Principal
Raymond B. LaMarche, CPA, Principal
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA
Lindsay J. Behrend, CPA
Christina A. Smigowski, CPA
Sarah Pelloza, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Commissioners
County of Iron
Crystal Falls, Michigan 49920

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Iron, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the County of Iron, Michigan's basic financial statements, and have issued our report thereon dated May 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Iron, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the County of Iron, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Members of the Board of Commissioners
County of Iron

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Iron, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of the County of Iron, Michigan, in a separate letter dated May 23, 2006.

This report is intended solely for the information and use of the County Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company P.C.
Certified Public Accountants

May 23, 2006



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
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Christina A. Smigowski, CPA
Sarah Peloza, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Commissioners
County of Iron
Crystal Falls, Michigan 49920

Compliance

We have audited the compliance of the County of Iron, Michigan with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. County of Iron, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County of Iron, Michigan's management. Our responsibility is to express an opinion on County of Iron, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Iron, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Iron, Michigan's compliance with those requirements.

In our opinion, the County of Iron, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Members of the Board of Commissioners
County of Iron

Internal Control Over Compliance

The management of the County of Iron, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Iron, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect County of Iron, Michigan's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the County Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company P.C.
Certified Public Accountants

May 23, 2006

COUNTY OF IRON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2005

<u>Federal grantor/pass-through/program title</u>	<u>Federal CFDA #</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
Passed through the State Department of Social Services:			
Title IV-D Cooperative Reimbursement	93.563	{ CSPA-05-36002 } { CSFOC-05-36001 } { CSMED-05-36001 }	\$ 164,822
Foster Care - Title IV-E	93.658	PROFC-05-36001	1,706
Passed through State Department of Public Health:			
Medical Assistance Program	93.778		3,718
Family Planning Project	93.217		44,446
Maternal and Child Health Services Block Title V	93.994		40,864
Breast & Cervical Cancer Control Program	93.919		31,800
Immunization IAP	93.268		176,118
Bioterrorism Supplemental	93.283		210,281
HIV Prev Act Health Dept. Based	93.940		1,446
0-3 Secondary Prevention Grant	93.558	CTFPR05-36001	79,338
Passed through Upper Peninsula Commission for Area Progress:			
Title IIID	93.043		<u>7,980</u>
Total U.S. Department of Health & Human Services			<u>762,519</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Special Supplemental Food Program for Woman, Infants and Children	10.557		142,021
Special Milk Program for Children	10.556		995
Rural Business Enterprise Grant	10.769		20,000
Community Facilities Loans and Grants	10.766		<u>296,530</u>
Total U.S. Department of Agriculture			<u>459,546</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY:			
EPA Indoor Radon Grant	66.032		<u>2,350</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
Passed through State Emergency Management:			
Emergency Management Performance Grants	97.042		9,000
2003 State Homeland Security Grant Program, Part II SAP	97.004		10,085
2004 Homeland Security Grant Program	97.004		<u>48,549</u>
Total Federal Emergency Management Agency			<u>67,634</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF IRON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2005

<u>Federal grantor/pass-through/program title</u>	<u>Federal CFDA #</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF JUSTICE:			
Passed through State:			
Byrne Formula Grant Program:			
Drug Court Implementation	16.579		47,009
Family & Domestic Violence Unit	16.579		<u>16,196</u>
Total U.S. Department of Justice			<u>63,205</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed through State:			
Special Education Grants for Infants and Families with Disabilities (Early On)	84.181		<u>50,945</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:			
Passed through State:			
Community Development Block Grant	14.228	MSC-2004-740-HOA MSC204084-EDIG	<u>81,615</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,487,814</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF IRON, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

NOTE A – OVERSIGHT AGENCY

The U.S. Department of Agriculture is the current year's oversight agency for single audit as determined by the agency providing the largest share of the County's direct federal financial assistance.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting.

NOTE C – PASS-THROUGH GRANTOR'S OR PROGRAM NUMBERS

The pass-through grantor's number represents the County's provider I.D. number. Such other I.D. numbers were not available or provided by the State administering agencies.

NOTE D – FEDERAL REVENUE RECONCILIATION

Federal revenue per governmental fund financial statements	\$ 499,978
Federal expenditures per schedule of expenditures of federal award	<u>1,487,814</u>
Difference	<u>(987,836)</u>

Reconciling items:

Federal revenues reported in the component units which are included on the schedule of expenditures of federal awards:

District Health Department	791,306
----------------------------	---------

Expenditures reported on the schedule of expenditures of federal awards for the Community Facilities Loans and Grants program.	<u>196,530</u>
Reconciled difference	<u><u>\$ -</u></u>

COUNTY OF IRON, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the County of Iron, Michigan.
2. Reportable conditions disclosed during the audit of the basic financial statements are reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, and are detailed in part B of this schedule.
3. There were no instances of noncompliance material to the basic financial statements of the County of Iron, Michigan disclosed during the audit.
4. A reportable condition disclosed during the audit of the major federal programs is reported in the *Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133* and are detailed in part C of this schedule.
5. The auditor's report on compliance for the major federal programs for the County of Iron, Michigan expresses an unqualified opinion.
6. There was one audit finding relative to the major federal programs for the County of Iron, Michigan and is detailed in part C of this schedule.
7. The programs tested as a major program included:
 - Community Facilities Loans & Grants, CFDA #10.766
 - Bioterrorism Supplemental, CFDA #93.283
 - Immunization IAP, CFDA #93.268
 - 0-3 Secondary Prevention Grant, CFDA #93.558
 - Community Development Block Grant, CFDA #14.228
8. The threshold for distinguishing Type A & B programs was \$300,000.
9. The County of Iron, Michigan was determined not to be a low-risk auditee.

COUNTY OF IRON, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

B. FINDINGS – FINANCIAL STATEMENT AUDIT

05-1. LACK IN SAFEGUARDING CONTROLS OVER CASH

Condition/Criteria: Bank accounts of the County are not being reconciled to the general ledger on a monthly basis.

Effect: Significant deficiency in the design or operation of the internal control over the financial reporting, in our judgement, could adversely affect the County of Iron's ability to record and report financial data consistent with the assertions of management in the financial statements.

Cause: The responsible personnel continue to not recognize the importance of spending the necessary time to perform the recommended cash reconciliation procedures.

Recommendation: We recommend the County perform monthly cash reconciliation between all bank accounts and the general ledger.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

Questioned
Costs

05-1. LACK IN SAFEGUARDING CONTROLS OVER CASH

Condition/Criteria: Bank accounts of the County are not being reconciled to the general ledger on a monthly basis.

Effect: Significant deficiency in the design or operation of the internal control over the financial reporting, in our judgement, could adversely affect the County of Iron's ability to record and report financial data consistent with the assertions of management in the financial statements.

\$ -0-

Cause: The responsible personnel continue to not recognize the importance of spending the necessary time to perform the recommended cash reconciliation procedures.

Recommendation: We recommend the County perform monthly cash reconciliation between all bank accounts and the general ledger.

Management Response: The County of Iron will continue to extend efforts to reconcile bank accounts with the general ledger on a monthly basis and will investigate and adjust the general ledger to the actual bank balance.

COUNTY OF IRON, MICHIGAN
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

**A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

04-1. LACK IN SAFEGUARDING CONTROLS OVER CASH

Condition/Criteria: Bank accounts of the County are not being reconciled to the general ledger on a monthly basis.

Effect: Significant deficiency in the design or operation of the internal control over the financial reporting, in our judgement, could adversely affect the County of Iron's ability to record and report financial data consistent with the assertions of management in the financial statements.

Cause: Has not recognized the importance of spending the necessary time to perform the recommended cash reconciliation.

Recommendation: We recommend the County perform monthly cash reconciliations between bank accounts and the general ledger.

Status: As of December 31, 2005, bank accounts of the County continue to not be reconciled to the general ledger.

Continuing Disclosure Filing

County of Iron
State of Michigan

*Fiscal Year Ended
December 31, 2005*

LIST OF CURRENT
NATIONALLY RECOGNIZED MUNICIPAL SECURITIES
INFORMATION REPOSITORIES (NRMSIRs)

Standard & Poor's Securities Evaluations, Inc.
55 Water Street – 45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
E-mail: Nrmsir@FTID.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

STATE INFORMATION REPOSITORY

Municipal Advisory Council of Michigan
1445 First National Building
Detroit, Michigan 48226-3517
Phone: 313-963-0420
Fax: 313-963-0943
E-mail: mac@macmi.com

MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository pursuant to Securities and Exchange Commission Rule 15c2-12.

Issuer's and/or Other Obligated Person's Name: County of Iron, Michigan

CUSIP Numbers (attach additional sheet if necessary):

- ☐ Nine-digit number(s) to which the information relates:
☒ Information relates to **all securities** issued by the issuer having the following six-digit number(s): 462765

* * *

Number of pages of attached information:

Description of Material Event Notice / Financial Information (Check One):

1. _____ Principal and interest payment delinquencies
2. _____ Non-Payment related defaults
3. _____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. _____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. _____ Substitution of credit or liquidity providers, or their failure to perform
6. _____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. _____ Modifications to rights of securities holders
8. _____ Bond calls
9. _____ Defeasances
10. _____ Release, substitution, or sale of property securing repayment of the securities
11. _____ Rating changes
12. _____ Failure to provide annual financial information as required
13. _____ Other material event notice (specify)
14. X _____ Financial information*: Please check all appropriate boxes:

- ☐ CAFR: (a) ☐ includes ☐ does not include Annual Financial Information
(b) Audited? Yes ☐ No ☐

☒ Annual Financial Information: Audited? Yes ☒ No ☐

☒ Operating Data

Fiscal Period Covered: Fiscal Year Ended December 31, 2005

*Financial information **should not** be filed with the MSRB

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: Jan R. Huizing

Title: County Administrator

Employer: County of Iron

Address: 2 South Sixth Street, Suite 7

City, State, Zip Code: Crystal Falls, Michigan 49920-1413

Voice Telephone Number: (906) 875-0652

County of Iron
Total Taxable Value
Fiscal Years Ended December 31, 2002 Through 2006

Assessed Value as of December 31	Year of State Equalization and Tax Levy	County's Fiscal Year Ended December 31	Ad Valorem Taxable Value	Equivalent Taxable Value of Property Granted Tax Abatement Under Act 198 (1)	Total Taxable Value	Percent Increase Over Prior Year
2001	2002	2002	307,456,262	115,334	307,571,596	6.04
2002	2003	2003	321,055,877	80,387	321,136,264	4.41
2003	2004	2004	339,554,127	58,067	339,612,194	5.75
2004	2005	2005	361,636,736	54,302	361,691,038	6.50
2005	2006	2006	385,333,562	18,620	385,352,182	6.54

Per Capita Total Taxable Value for the Fiscal Year Ended December 31, 2006 (2) \$29,109.55

(1) At the full tax rate.

(2) Based on the County's 2000 Census population of 13,138.

Source: County of Iron

County of Iron
Total Taxable Value by Use and Class
Fiscal Years Ended December 31, 2002 Through 2006

Fiscal Year Ended December 31					
Use	2002	2003	2004	2005	2006
Agriculture.....	\$ 4,993,218	\$ 5,253,241	\$ 5,468,494	\$ 5,699,152	\$ 4,871,149
Commercial	31,344,021	31,729,929	33,451,388	33,858,817	35,024,154
Utility.....	41,908,832	42,819,275	43,062,168	42,639,705	42,049,329
Industrial.....	27,831,909	27,359,350	27,742,706	28,294,690	29,604,931
Residential.....	186,109,951	198,887,622	213,655,159	233,754,546	254,068,702
Timber Cutover	15,379,522	15,100,177	16,256,769	17,389,826	19,715,297
Total.....	<u>\$ 307,567,453</u>	<u>\$ 321,149,594</u>	<u>\$ 339,636,684</u>	<u>\$ 361,636,736</u>	<u>\$ 385,333,562</u>
Class	2002	2003	2004	2005	2006
Real Property.....	\$ 259,350,358	\$ 272,593,977	\$ 290,242,752	\$ 312,034,386	\$ 335,540,772
Personal Property	48,217,095	48,555,617	49,393,932	49,602,350	49,792,790
Total.....	<u>\$ 307,567,453</u>	<u>\$ 321,149,594</u>	<u>\$ 339,636,684</u>	<u>\$ 361,636,736</u>	<u>\$ 385,333,562</u>

Source: County of Iron

County of Iron
Percent of Total Taxable Value by Use and Class
Fiscal Years Ended December 31, 2002 Through 2006

	Fiscal Year Ended December 31				
<u>Use</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Agriculture.....	1.62%	1.63%	1.61%	1.58%	1.26%
Commercial	10.19	9.88	9.85	9.36	9.09
Utility.....	13.63	13.33	12.68	11.79	10.91
Industrial.....	9.05	8.52	8.16	7.82	7.68
Residential	60.51	61.93	62.91	64.64	65.93
Timber Cutover	5.00	4.70	4.79	4.81	5.12
Total.....	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Real Property	84.32%	84.88%	85.46%	86.28%	87.08%
Personal Property	15.68	15.12	14.54	13.72	12.92
Total.....	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: County of Iron

County of Iron
Total State Equalized Valuation
Fiscal Years Ended December 31, 2002 Through 2006

<u>Assessed</u>	<u>Year of State</u>	<u>County's</u>	<u>Ad</u>	<u>SEV of Property</u>		<u>Percent</u>
<u>Value as of</u>	<u>Equalization</u>	<u>Fiscal Year</u>	<u>Valorem</u>	<u>Granted Tax</u>	<u>Total</u>	<u>Increase</u>
<u>December 31</u>	<u>and Tax Levy</u>	<u>Ended</u>	<u>SEV</u>	<u>Under Acts 198</u>	<u>SEV</u>	<u>Over</u>
		<u>December 31</u>		<u>and 255</u>		<u>Prior Year</u>
2001	2002	2002	433,960,397	222,381	434,182,778	8.86
2002	2003	2003	472,061,769	187,434	472,249,203	8.76
2003	2004	2004	510,134,359	165,114	510,299,473	8.06
2004	2005	2005	544,910,439	161,349	545,071,788	6.81
2005	2006	2006	588,609,718	28,267	588,637,985	7.99
Per Capita Total SEV for the Fiscal Year Ended December 31, 2006 (1)						\$44,804.23

(1) Based on the County's 2000 Census population of 13,138.

Source: County of Iron

County of Iron
Total SEV by Use and Class
Fiscal Years Ended December 31, 2002 Through 2006

		Fiscal Year Ended December 31				
Use		2002	2003	2004	2005	2006
Agriculture.....	\$	10,293,827	\$ 10,987,894	\$ 14,073,223	\$ 16,546,441	\$ 11,869,940
Commercial		32,622,478	33,731,907	35,166,597	37,464,896	39,670,181
Utility		43,603,946	44,169,873	44,698,021	44,203,190	43,512,225
Industrial.....		28,584,383	28,000,315	28,320,075	28,764,221	30,188,470
Residential.....		284,420,672	314,699,458	344,863,198	373,027,754	414,664,779
Timber Cutover		34,657,472	40,659,756	43,178,359	44,903,937	48,704,123
Total.....	\$	<u>434,182,778</u>	<u>472,249,203</u>	<u>510,299,473</u>	<u>544,910,439</u>	<u>588,609,718</u>
0						
Class		2002	2003	2004	2005	2006
Real Property.....	\$	384,139,902	\$ 422,168,956	\$ 459,121,333	\$ 493,638,666	\$ 537,280,034
Personal Property		50,042,876	50,080,247	51,178,140	51,271,773	51,329,684
	\$	<u>434,182,778</u>	<u>472,249,203</u>	<u>510,299,473</u>	<u>544,910,439</u>	<u>588,609,718</u>

Source: County of Iron

County of Iron
Percent of Total SEV by Use and Class
Fiscal Years Ended December 31, 2002 Through 2006

		Fiscal Year Ended December 31				
Use		2002	2003	2004	2005	2006
Agriculture.....		2.38%	2.33%	2.75%	3.04%	2.02%
Commercial		7.51	7.14	6.89	6.88	6.74
Utility		10.04	9.35	8.76	8.11	7.39
Industrial.....		6.58	5.93	5.55	5.28	5.13
Residential.....		65.51	66.64	67.59	68.46	70.45
Timber Cutover		7.98	8.61	8.46	8.24	8.27
Total.....		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Class		2002	2003	2004	2005	2006
Real Property.....		88.47%	89.40%	89.97%	90.59%	91.28%
Personal Property		11.53	10.60	10.03	9.41	8.72
		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: County of Iron

County of Iron
Property Tax Rates
Fiscal Years Ended December 31, 2002 Through 2006

Levy	Fiscal Years							
December 1	Ended December 31	Allocated	Youth Camp (1)	Medical (1)	Debt (1)	Senior Citizen (1)	Health Dept. (1)	Total
2001	2002	6.6338	0.4957	1.4873	1.2512	0.2693	0.0	10.1373
2002	2003	6.5300	0.4901	1.4707	1.2110	0.2663	0.0	9.9681
2003	2004	6.5300	0.5000	1.5000	3.1971	0.2663	0.0	11.9934
2004	2005	6.5300	0.4968	1.4580	3.8679	0.2645	0.0	12.6172
2005	2006	6.3941	0.4864	1.4431	3.2750	0.2643	0.2500	12.1129

(1) Voted.

County of Iron
Property Tax Collections
Fiscal Years Ended or Ending December 31, 2002 Through 2006

December 1	Fiscal Years Ended or Ending	County	Collections to	Percent
<u>Levy</u>	<u>December 31</u>	<u>Tax Levy (1)</u>	<u>March 1</u> <u>Following Levy</u>	<u>Collected to March 1</u> <u>Following Levy</u>
2001	2002	9,902,614	8,947,528	90.36
2002	2003	13,107,750	12,128,207	92.53
2003	2004	13,488,780	12,454,513	92.33
2004	2005	14,779,319	13,765,550	92.91
2005	2006	15,589,708 (2)	14,610,646 (3)	93.72

(1) Includes real property taxes.

(2) As adjusted

(3) At settlement

Source: County of Iron

Profile of the Ten Largest Taxpayers

Reflected below are the County's ten largest property taxpayers, their principal product or service and respective Taxable Value for its fiscal year ended December 31, 2005.

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Taxable Value</u>	<u>Percent of Total (1)</u>
WE Energies	Utility.....	\$ 28,423,682	8.21%
Great Lakes Gas Transmission.....	Utility.....	26,924,619	8.14
Enbridge Energy, LTD.....	Utility.....	4,530,518	1.26
Naterra Land	Financial Institution	3,087,300	0.77
Upper Peninsula Power/UPPCO.....	Utility.....	2,696,142	0.67
Angeli Management Corp.	Diversified Grocery Store	2,576,581	0.64
Northern Trust/Young Recreational.....	Financial Institution	2,467,127	0.63
Lake Shore Inc/Oldenberg Group	Diversified Manufacturer	2,129,005	0.46
Krist Oil Co Inc.	Gas Stations	1,732,579	0.43
Aramark Uniform Service Inc	Dry Cleaning Services	1,629,642	0.41
		<u>\$76,097,195</u>	<u>21.62</u>

(1) Based on \$361,636,736 which is the County's Taxable Value for the fiscal year ended December 31, 2005.

Source: County of Iron

County of Iron
Revenues from the State of Michigan
Fiscal Years Ended December 31, 2000 Through 2004

	Fiscal Years Ended December 31				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004 (1)</u>
State Sales Tax.....	\$ 297,113	\$ 262,636	\$ 257,974	\$ 228,198	\$ 77,464

(1) An additional \$141,406 was transferred from the Revenue Sharing Reserve Fund which will be drawn down over the next 9.63 years @ \$223,904 for 2005, \$231,069 for 2006, etc.

Source: Iron County and the Michigan Department of Treasury.

COUNTY DEBT

Constitutional Debt Limitations

Article VII, Section 11 of the Michigan Constitution states "No county shall incur any indebtedness which shall increase its total debt beyond 10 percent of its assessed valuation".

Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the County may legally incur as of December 31, 2005.

Debt Limit (2)		\$54,910,439
Debt Outstanding	\$20,602,608	
Less: No County Credit Pledge Issues	<u>0</u>	<u>20,602,608</u>
Legal Debt Margin		<u><u>\$34,307,831</u></u>

Debt Statement

The following table reflects a breakdown of the County's direct and underlying debt as of December 31, Direct debt that is shown as self-supporting is paid from sources other than the County's General Fund.

To the extent necessary, the County may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds that are designated as Unlimited Tax ("UT"). However, the County's ability to levy taxes to pay debt service on the bonds that are designated as Limited Tax ("LT"), is subject to applicable statutory and constitutional limitations.

County Direct Debt	Gross	Self-Supporting	Net
Michigan Transportation Fund Bonds:			
Dated February 12, 2003	\$ 2,145,000	\$ -0-	\$ 2,145,000
Subtotal	<u>\$ 2,145,000</u>	<u>\$ -0-</u>	<u>\$ 2,145,000</u>
General Obligation Bonds:			
Dated March 3, 2005 (UT)	\$ 2,960,000	\$ -0-	\$ 2,960,000
Dated August 12, 2004 (LT)	107,000	-0-	107,000
Dated August 19, 2003 (LT)	387,000	-0-	387,000
Dated August 19, 2003 (UT)	2,742,230	-0-	2,742,230
Dated November 1, 2002 (UT)	8,485,000	-0-	8,485,000
Dated September 1, 2001 (LT)	3,636,378	-0-	3,636,378
Dated July 1, 1995 (UT)	140,000	-0-	140,000
Subtotal	<u>\$ 18,457,608</u>	<u>\$ -0-</u>	<u>\$ 18,457,608</u>
Total	<u>\$ 20,602,608</u>	<u>\$ -0-</u>	<u>\$ 20,602,608</u>
Per Capita Net County Direct Debt (1)			\$1,568.17
Percent of Net Direct Debt to Total SEV (2)			3.50%

<u>Underlying Debt of County (3)</u>	<u>Total</u>
Cities	\$ 325,000
Townships	50,000
School Districts	9,480,000
Intermediate School District	31,689
Library	203,125
Total Underlying Debt	<u>\$ 10,089,814</u>
Per Capita Underlying Debt (1)	\$767.99
Percent of Underlying Debt to Total SEV (2)	1.71%
Total Direct and Underlying Debt	<u>\$ 30,692,422</u>
Per Capita Net Direct and Underlying Debt (1)	\$2,336.16
Percent of Net Direct and Underlying Debt to Total SEV (2)	5.63%

(1) Based on the County's 2000 Census population of 13,138.

(2) Based on \$544,910,439 which is the County's Total SEV for its fiscal year ended December 31, 2005

(3) Underlying Debt is the debt of the municipal entities located in the County.

Source: County of Iron and the Municipal Advisory Council of Michigan.

Pension Plan

The County participates in a defined benefit plan that covers all full-time employees and limited part-time employees that is administered by the Michigan Municipal Employees Retirement System. The County was required to contribute \$175,296 for the year ended December 31, 2004.

County of Iron Employees Retirement System Five-Year History

<u>Valuation Date December 31</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Actuarial Liability</u>	<u>Funded Ratio</u>
2000	\$10,311,037	\$11,292,609	91.3
2001	10,116,040	12,592,681	88.3
2002	11,569,884	13,573,832	85.2
2003	12,919,386	15,366,394	84.1
2004	14,047,247	16,280,905	86.3

Source: County of Iron

COUNTY OF IRON, MICHIGAN

REPORT TO MANAGEMENT

Year Ended December 31, 2005



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
Alan M. Stotz, CPA, Principal
Raymond B. LaMarche, CPA, Principal
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA
Lindsay J. Behrend, CPA
Christina A. Smigowski, CPA
Sarah Peloza, CPA

REPORT TO MANAGEMENT

Members of the Board of Commissioners
County of Iron, Michigan

We have audited the financial statements of the County of Iron, Michigan for the year ended December 31, 2005, and have issued our reports thereon dated May 23, 2006. Our professional standards require that we provide you with the following information relating to the audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated December 19, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the County of Iron, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Iron, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Iron, Michigan's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Iron, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination of the County of Iron, Michigan's compliance with those requirements.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Iron County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

In planning and performing our audit of the financial statements of the County of Iron, Michigan, for the year ended December 31, 2005, we considered the County of Iron, Michigan's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated May 23, 2006, on the financial statements of the County of Iron, Michigan.

We have already discussed many of these comments and recommendations with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of members of the County Board, management of Iron County and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Andersen, Tackman & Company P.C.
Certified Public Accountants

May 23, 2006

IRON COUNTY, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2005

COUNTY CASH RECONCILIATION

Comment:

1. Bank accounts relating to co-mingled cash of the County are not being reconciled with the general ledger on a monthly basis (repeated from previous years).
2. Bank reconciliations performed on non-co-mingled bank accounts are not being performed on a timely basis.
3. Co-mingled cash accounts of the County do not reconcile with the general ledger, resulting in a variance in the amount of \$22,189.96 (repeat from previous years).

Recommendation:

We continue to recommend bank accounts be reconciled with the general ledger of the County. This lack of internal controls over the safeguarding of County assets will be reported as a "reportable condition". Reporting conditions are significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgement, could adversely affect the County of Iron's ability to record and report financial data consistent with the assertions of management in the financial statements. It is essential for the County to reconcile all bank accounts to the general ledger to strengthen the internal controls over cash.

Management Response:

Every month all checking accounts are reconciled with the general ledger with the exception of the general checking account that has combined funds.

The auditors have recommended that we reconcile the co-mingled funds to a monthly reconciliation sheet. We will start this in June 2006. In addition, we will also start using the computer software through Harris, Inc.

IRON COUNTY, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2005

FLEXIBLE SPENDING TRUST

Comment:

1. Activity relating to the Section 105 and 125 plans are being accounted for in the General Trust & Agency Fund, and should be recorded in the Flexible Spending Trust Fund in order to segregate the activity of these plans to ease in the reconciliation of their activity.
2. We noted transfers made between the general checking bank account and the flexible spending bank account that were not recorded in the general ledger (\$10,000 in October and \$5,000 in December).
3. We noted 8 monthly journal entries to transfer \$3,999.81 each from various co-mingled cash accounts to the flexible spending cash account, but the actual transfer of funds was not made between the bank accounts, totaling \$31,998.48.
4. Payroll withholdings relating to these plans are being deposited and posted in co-mingled cash accounts, whereas these funds should be deposited and posted to the separate flexible spending accounts in order to be reconciled separately.
5. Accumulated withholdings into the plan less payments for claims should be reconciled with account reports provided by the plan administrator (repeat from prior year).

Recommendation:

We recommend the activities of the Section 105 and 125 plans be accounted for separately in the Flexible Spending Trust Fund, which was set up for this purpose, in order to effectively and more easily reconcile these plans. By performing reconciliations, will you then be able to determine whether there were any instances of transfers which were made but not recorded or recorded but not transferred. A reconciliation is essential in providing strong internal controls over these funds of the County.

Management Responses:

We will go back to January 1, 2006 and start posting all revenues and expenditures per month to #702/Flex Spending Trust Fund. Revenues, at present, are being posted to the Trust & Agency Fund, line item: 701-000-231.020. We will have to correct this by journal entries.

Expenditures are deducted by Basic Flex or Basic HRA. We do not write checks from this plan. This means, we have to go on-line daily and check to see what has been written/deducted from Basic Flex or Basic HRA.

IRON COUNTY, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2005

JOURNAL ENTRIES

Comment:

1. Journal entries made by the County Treasurer were not reviewed by the County Board throughout the fiscal year (repeat from a previous year).

Recommendation:

All journal entries of the County should be reviewed by the Board in order to strength the internal controls over the financial reporting of the County.

Comment:

2. Journal entries were used to record revenues of the County received via checks and electronic fund transfers.

Recommendation:

All revenues of the County should be recorded through the receipting system of the County.

Management Response:

All journal entries from January 1, 2006 through May 31, 2006, have been reviewed by the County Board. Copies of said journal entries are on file in the Board of Commissioners office. Each following month, we will have the County Board approve journal entries.

Revenues are receipted through the receipting program daily, with the exception of the direct deposits. These deposits go directly into the general ledger checking account. The direct deposits are recorded by journal entries. It has been our experience that doing the direct deposits by journal entries is more efficient, both in time and support documentation. The support documentation is attached to every journal entry.

IRON COUNTY, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2005

ACCRUED WAGES

Comment:

As of December 31, 2005, accrued wages were not recorded on the books of the County.

Recommendation:

We recommend accrued wages as of December 31st be recorded in the books to accurately reflect the accrued wage liability of the County.

Management Response:

As of December 31, 2006, the accrued wages will be entered onto the Counties books by General Journal entry to accurately reflect the accrued wages of the County.

PAYROLL TESTING

Comment:

We noted an employee who was not paid 4 hours of overtime during the payroll period ending 4/22/05. Per review of subsequent payroll periods and inquiry with the payroll clerk, we did not note any adjustment for the deficiency in pay.

Recommendation:

We recommend this issue be investigated further by management to insure the employee is paid for any deficiency in pay.

Management Response:

Management has determined that the employee was due four hours overtime pay. The employee has been compensated for the deficiency in pay.

IRON COUNTY, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2005

GRANT REIMBURSEMENT

Comment:

Reimbursement requests on various grants are not being submitted on a timely basis (e.g. Homeland Security Grant).

Recommendation:

We recommend all requests for reimbursement on grants of the County be submitted on a timely basis.

Management Response:

Effective January 2006, Iron County has posted the State Grants Receivable in the general ledger of the County to accurately reflect the receivable with the grant expenditures. The County is now able to insure that departmental staff submits requests for reimbursement on a timely basis.